BMMP Business Management Modernization Program

Business Management Modernization Program (BMMP) Overview

FM Domain Forum

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Arming the Warfighter
Through Business Improvement

www.dod.mil/comptroller/bmmp

Vision, Mission, and Goals of BMMP

Business Transformation Vision

The Department of Defense will be managed in an efficient, business-like manner in which relevant, reliable, and accurate financial, materiel, and human resource information, affirmed by clean audit opinions, is available on a timely basis to support informed decision-making.

BMMP Mission

Transform and modernize the Department of Defense (DoD) business processes and systems to better support US Forces and DoD Missions, and to facilitate better stewardship of taxpayer dollars.

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Goal 1

Provide accurate and timely information for business management

Goal 2

Improve efficiency and effectiveness of business operations

Transformation

- Change Management
- Communication
- Governance
  - Configuration Control Board
  - Architecture Review Board
  - Domains
  - Domain Owner Integration Team
  - Defense Business Systems Management Board
- Transition Planning
- System Assessment
- Portfolio Management

DOD BEA Increment Focus

Increment 1:

- Achieve **unqualified audit opinion** for consolidated DoD financial statements, including related processes to achieve **Asset Accountability** and address other Material Weaknesses including Environmental Liabilities
- Achieve **total personnel visibility** to include: military service members, civilian employees, military retirees, and other US personnel in a theater of operations (including contractors and other federal employees)

Increment 2:

- **Align acquisition practices** with Government & Industry best practice benchmarks
- Achieve **total asset visibility** and **accurate valuation of assets** (includes Operating, Materials and Supplies; Inventory and Property; Plant and Equipment)
- **Enhance force management** through position accountability and visibility (military and civilian)
- **Improve military health care delivery** through a more efficient healthcare claims system, more accurate patient diagnostic coding, and joint medical material asset visibility
- **Improve environmental safety and occupational health**

Increment 3:

- Implement **Planning, Programming, Budgeting and Execution (PPBE) process improvements** in accordance with Joint Defense Capabilities Study recommendations for a capabilities-based PPBE process
- Achieve **integrated total force management**
- **Improve installation management**

Context for the BEA

- **The architecture should <u>not</u> be thought of as a "stand-alone" product but as a tool, in a set of tools, that work together to support Transition Planning and justify systems investment decisions.**

- **BEA products should be used with:**
  - Strategic plans
  - Desired capabilities
  - DoD Information Technology Program Repository (DITPR)
  - Systems compliancy review processes
  - Transition Plans
  - Modernization initiatives
  - Architecture collaboration tools
  - Reference models

To…
Analyze, Select, and Control
Systems Investments

- **When used in this manner, the BEA helps ensure:**
  - Investments are aligned with strategic objectives
  - Desired capabilities are achieved without gaps or overlaps
  - Resources are optimized and savings are reinvested
  - Compliance is achieved with Federal mandates and requirements
  - Systems are interoperable, integrated and GIG compliant

Illustrative Uses of Architecture Products

Example questions the architecture might answer:

Executive Level Manager –

- How will I achieve a business capability and what programs are needed to implement it?
- If I make a policy change, what work processes or organizations are affected? What systems and interfaces are impacted?

Portfolio Manager -

- How to prioritize particular investments based on requirements to enable a given capability?
- What existing systems provide redundant capabilities and can be terminated following the acquisition?
- Where do gaps exist in IT support for business capabilities?

Program Manager –

- What functional and technical requirements must be satisfied by the system being acquired?
- What compliance requirements and rules must be considered in the system specification?

National Defense Authorization Act (FY 2005)

Establishes a new governance process under SECDEF and requires:

- **Not later than March 15, 2005**
  - A new investment review process
  - Report to Congress on milestones for systems certification, waivers, improvements, and cost savings

- **Not later than September 30, 2005**
  - A **defense business enterprise architecture** covering all defense business systems, functions and activities that:
    - Guides, constrains, and results in interoperable business system solutions
    - Is consistent with policies and procedures
    - Is compliant with all Federal accounting, financial management, and reporting requirements
    - Ensures policies, procedures, data standards, and system interface requirements are applied uniformly
    - Provides capability to:
      - Produce timely, accurate, and reliable financial and cost information
      - Integrate budget, accounting, and program information and systems
      - Perform systematic measurement of performance
  - Provide a **Transition Plan** that includes:
    - An acquisition strategy for new systems
    - A listing of legacy systems (including schedule for termination and/or modification)
    - Statement of milestones, metrics and resource needs for each system in budget

Architecture Focus by Increments

Rel 2.4 (Jan 05) | **Rel 2.4.1** (Feb 05) | **Rel 3.0** (May 05) | **Rel 4.0** (Sep 05)

Increment 1

- Contains over-arching products that provide scope and context for the entire architecture.
- Provides DoD with a basic depiction of organizational roles, activities and includes an end-to-end integrated depiction of DoD's business processes from both an "as is" and "to be" viewpoint.
- Includes a database of business laws and rules and associates them to processes.
- Contains known technical standards

Increment 1.1

- Adds strategic capabilities and relates them to business activities and system functions.
- Adds information about systems functionality and interfaces to support Investment Review Board decisions and processes.
- Expands technical standards to include Net-Centric and DoD Enterprise Information Services concepts
- Add reference models (Business, Data, Performance, Component, reference models to facilitate architecture linkages
- Develop collaborative architecture environment tools

Increment 2

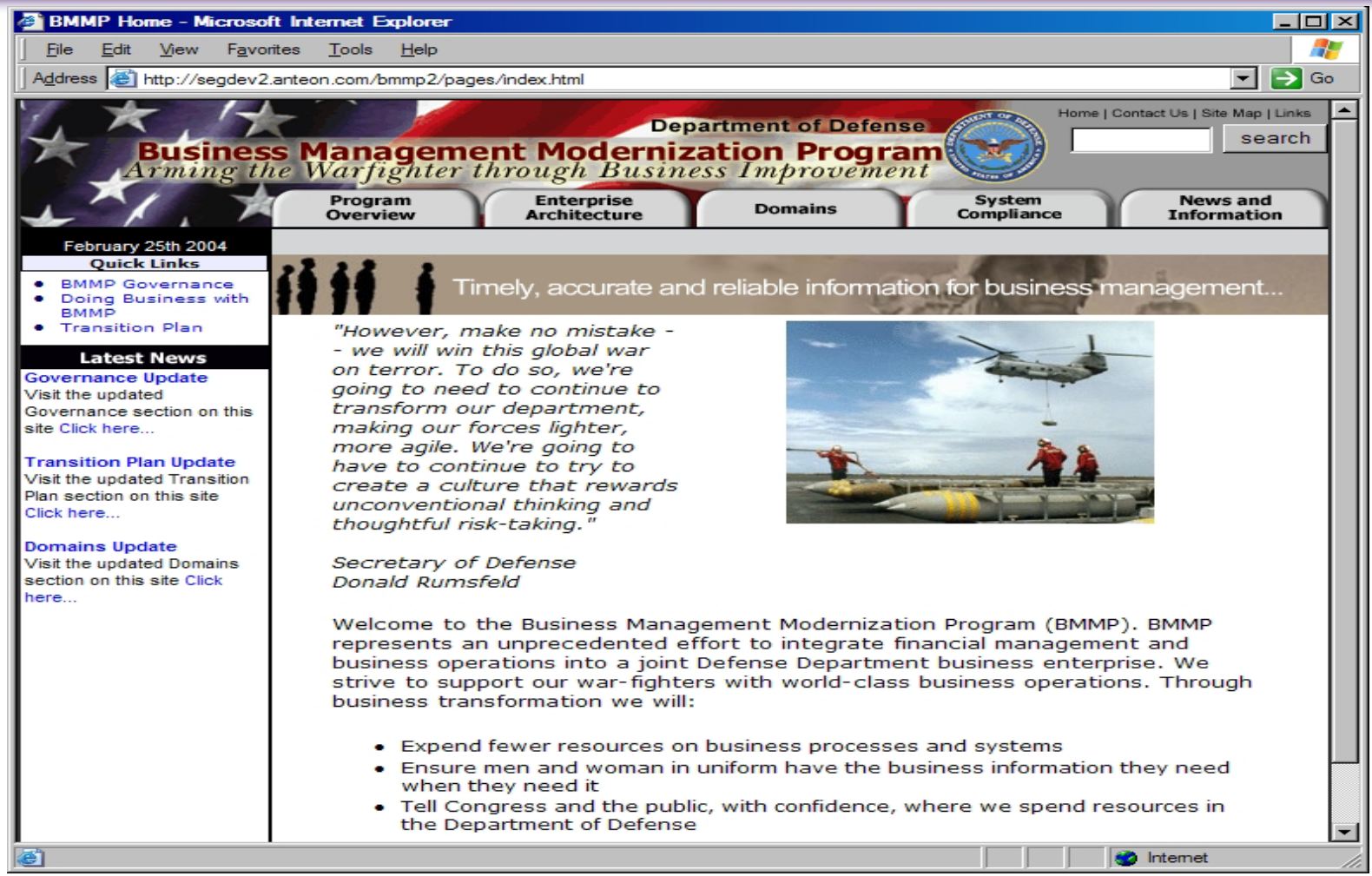
- Further refine system related products.
- Update the Defense Information Technology Program Repository with the latest systems information to support portfolio management and reporting.
- Continue to refine business operational environment, particularly acquisition and program management business processes contained in the enterprise business process model.
- Begin to link architectures within the Business Mission area to create a federated architecture

Increment 3

- Refine products that reflect system migration planning and reporting.
- Update the Defense Information Technology Program Repository.
- Perform actual linkage of architectures within the Business Mission Area and across all Mission Areas
- Refine the Performance Reference model to facilitate performance reporting

BMMP Website:

http://www.defenselink.mil/comptroller/bmmp/



Questions and Comments can be Sent Using the “Contact Us” Page on this Website.

To-Be End-to-End Accounts Payable Process

SCENARIO NAME: Meals-ready-to-eat (MREs) needed for troops in Iraq

OBJECTIVE: Verify and validate to what extent the BEA v2.2 supports an end-to-end process of planning to reporting of a consumable product.

EVENTS: Accounts Payable Process

ASSUMPTIONS:

- War effort in Iraq will continue until further notice
- Consumable product purchase

Accounts Payable Process Narrative

The Army has determined that it will require an additional shipment of Meals-Ready-to-Eat (MRE) for its troops deployed to Iraq and has issued its order to the Defense Logistics Agency (DLA). The Army has requested and received its funding for the additional increase in supply costs. The Army prepares a Military Inter-Departmental Procurement Request (MIPR) to DLA. DLA proceeds with the procurement process and selects a vendor to provide the MREs.

The vendor delivers the order requested to the DLA installation. DLA makes disbursement to the vendor and closes its contract with the vendor. DLA logs the inventory and prepares delivery to the Army in Iraq by preparing the Logistics process for packaging, transporting, delivery, and accounting for the entire inventory of MREs. The Army accepts the delivery and prepares an Inter-Departmental transfer for funds from its account to pay DLA. The Army will close its Accounts Payable to DLA and DLA will close its records for the Accounts Receivable for the funds provided on the MIPR.

Requirement Hierarchy Example

12. An obligation must be recorded in the buyer's core financial system prior to transmittal of the authorized order to the seller. If the obligation number is different from the order number, …

Linked source:
OMB Memo 03-01 - Business Rules for Intra-governmental Transactions

BEA Process:
Record Obligation (EBPM 5.07)

Material Weakness:
Inability to reconcile most intra-governmental transactions

Related System:
EBIZ

Process Flow Description

PROCESSES

EBPM **1.02** DLA will fulfill MRE orders for the Army. Funding will be provided to DLA by the ARMY via a MIPR.
EBPM **1.04** DLA has formulated the total estimation for the cost of additional MRE orders.
EBPM **1.09** DLA has prepared the acquisition strategy for obtaining a contract for the purchase of MREs.
EBPM **5.05** The contract funding is entered into the Accounting system to commit (promise) the funds
EBPM **2.24** DLA performs the Acquisition process .
EBPM **6.03** DLA has contracted with MILSPEC to provide the required orders for MREs.
EBPM **5.07** The total obligation of these funds is posted in the Accounting system.
EBPM **2.09** DLA has received and accepted the full order of MREs from MILSPEC.
EBPM **3.04** Total number of units received is logged in DLA inventory
EBPM **3.08** DLA prepares logistic support for delivery of MREs to the Iraq theater
EBPM **6.05** DLA monitors the inventory of MREs to ensure the total units ordered is what is delivered to the Iraq theater.
EBPM **5.25** MILSPEC submits invoices for payment. The invoices are input into the Accounts Payable system. The Receiving Report is matched to the invoice if an invoice is not a DD250 before payment is authorized. An signed DD250 as receipt of acceptance will generate an Accounts Payable. This updates the G/L and A/P records.
EBPM **5.26** Payment to MILSPEC is issued as per the Prompt Pay Act, updating the G/L, Budget, Contract balance, and reported as part of the Treasury Reporting.

REPORTS:

EBPM **3.44** The contract terms have been fulfilled and the contract can be closed.
EBPM **5.06** Commitment Reports are generated when the commitment has been posted in the Accounting system
EBPM **5.09** Obligation Reports are generated when the obligation has been posted in the Accounting system
EBPM **5.24** Accounts Payable Reports are generated when the invoice is posted in the A/P system and the Aged Payables status begins at this point.
EBPM **5.28** All financial transactions have been reported and included in the summarized activities in the Financial Statements.

Current Accounts Payable Issues

- Obligations and Disbursements but no Expenses - creates ULO
- Expenses and Disbursements but no Obligations - creates NULO
- Obligations and expenses but no Disbursements when vendor claims payment has been made
- Changes to the Line of Accounting result in erroneous funding, erroneous execution, and/or erroneous disbursements against the wrong documents
- Modifications increasing funding levels are not input before an expense (invoice is received) resulting in the invoice rejecting, delaying payment, creating interest charges for late payment.
- Unliquidated Obligations (ULO) are the result of not fully invoicing or not de-obligating remaining funds when the vendor has completely invoiced supplies/services delivered and the contract is ready for closure.
- Budgeted funding is not allocated sufficiently to cover those accounts that are relevant to a specific accounts payable document.

Associated Material Weaknesses

- Material amounts of unsupported accounting entries
- Differences exist between cash transactions reported by the DoD and Treasury (Fund Balance)
- Disbursements are not accurately reported
- Guidance and audit trails are insufficient
- Inability to reconcile most intra-governmental transactions

The To-Be End-to-End Accounts Payable Process...

- **Will Correct these Material Weaknesses:**

  With these Target Solutions

  - **Material amounts of unsupported accounting entries**

    DEAMS
    GFEBS

    Manage Procurement Sales
    Record Commitment
    Record Obligation
    A/P Record & Manage
    Process Disbursement
    Treasury

  - **Differences exist between cash transactions reported by the DoD and Treasury (Fund Balance)**

    DEAMS
    GFEBS

    A/P Record & Manage
    Process Disbursement
    Treasury

By Implementing these Requirements

When adjustments are made to existing obligations or previously recorded expenditures, automatically distinguish between upward and downward adjustments to unexpired and expired budget authority, and generate the appropriate general ledger postings, without user intervention. (JFMIPSR0201-23)

An entity's fund balance with Treasury is reduced by (a) disbursements made to pay liabilities or to purchase assets, goods, and services, (b) investments in U.S. securities (securities issued by Treasury or other federal government agencies), (c) cancellation of expired appropriations; (d) transfers and reimbursements to other entities or to the Treasury, and (e) sequestration or rescission of appropriations. (SFFAS1-348)

The To-Be End-to-End Accounts Payable Process...

- **Will Correct these Material Weaknesses:** With these Target Solutions

- **Disbursements are not accurately reported** DEAMS GFEBS

  Record Obligation
  A/P Record & Manage
  Process Disbursement
  Treasury

- **Guidance and audit trails are insufficient** DEAMS GFEBS

  All Processes

By Implementing these Requirements

An entity's fund balance with Treasury is reduced by (a) disbursements made to pay liabilities or to purchase assets, goods, and services, (b) investments in U.S. securities (securities issued by Treasury or other federal government agencies), (c) cancellation of expired appropriations; (d) transfers and reimbursements to other entities or to the Treasury, and (e) sequestration or rescission of appropriations. (SFFAS1-348)

To support the Audit Trail activity, the Core financial system must provide the capability to: Provide audit trails to trace transactions from their initial source through all stages of related system processing. The initial source may be source documents, transactions originating from other systems (e.g., feeder systems), or internal system-generated transactions. (JFMIPSR0201-38)

The To-Be End-to-End Accounts Payable Process...

- **Will Correct these Material Weaknesses:**

- **Inability to reconcile most intra-governmental transactions**

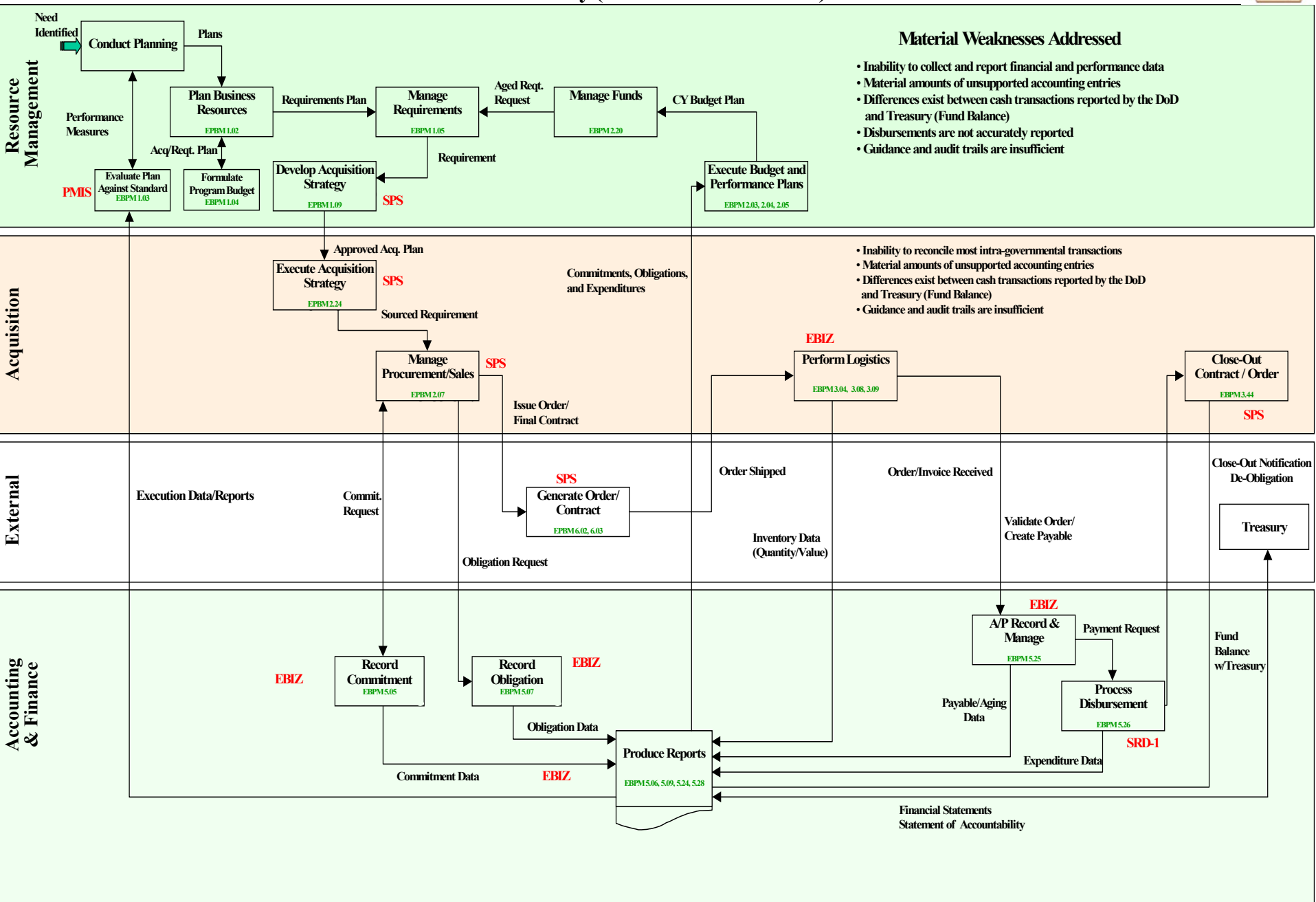
Execute Acquisition Strategy
Manage Procurement/Sales
Generate Order/Contract
Record Commitment
Record Obligation
Perform Logistics
A/P Record & Manage
Process Disbursement
Treasury
Produce Reports

With these Target Solutions

DEAMS
GFEBS

By Implementing these Requirements

Each entity's full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice.(SFFAS4-260)

To-Be End-to-End Accounts Payable Process

DFAS Only (Summarized EBPM v2.2)